

adopted in the mid-1990s. Since that time, the number and variety of TDPs available in California has greatly increased. While not analyzed in detail for this report, anecdotally there appears to be large potential for state and local agencies (including colleges and universities) to greatly increase use of a variety of TDPs. Decision makers could consider strengthening these policies to more strongly promote or require purchases of TDPs by certain state or local agencies.

- **Keep incentive payments simple, secure, and focused on increasing customer demand for TDPs.** With ample crumb rubber production capacity and TDP markets that have not seen large expansion in many years, there is a risk that incentives will spur additional crumb rubber or TDP production without sufficient markets. Therefore, incentive payments may be more effectively focused on expansion of TDP customer demand than on production of crumb rubber or TDPs. Options to consider include maintaining or expanding funding for TDP purchasers through existing grant programs or new incentive payment policies; and prioritizing incentives to TDP consumers over incentives to crumb rubber producers or TDP manufacturers. To the extent that TDM and/or TDP manufacturers receive payments, consider strictly requiring demonstration that the qualifying materials/products have already been sold to customers. Also, as concluded in a previous CalRecycle report on incentive payment systems, participation rules must be simple, transparent, and consistently applied, while also guarding against the high potential for fraud, to be effective. Decision makers may wish to consider studying some challenges experienced in other jurisdictions that have tire incentive payment systems to help anticipate potential pitfalls and to identify lessons learned, for example, in Colorado or Louisiana.<sup>13</sup>
- **Expand TDP research and development.** Basic research is a long-term endeavor with difficult-to-predict benefits. However, given the need for new high-volume tire recycling markets, CalRecycle could consider funding basic research to investigate and develop potential new applications. Options to consider include sponsoring state universities or colleges and/or research by private companies to identify potential commercial products and applications.
- **Fund production capacity for fine-mesh crumb rubber.** While demand for fine-mesh crumb rubber is still low, expansion of the molded and extruded market segment is stymied to a degree by the lack of supply. As manufacturers investigate how they can incorporate crumb rubber into the

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<sup>13</sup> Audit reports have been prepared on tire incentive payment programs in both Colorado and Louisiana, among others. See for example: “Fee Collection in the Waste Tire Management Program, Louisiana Department of Environmental Quality.” Louisiana Legislative Auditor, Performance Audit, July 30, 2014; and, “Waste Tire Processors and End Users Program: Performance Audit.” Colorado Office of the State Auditor, 2014.